

\$554 Million Mismanagement Trust Settlement with US Government



Prepared by: Office Of Controller

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\$554 Million Settlement

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\$554 Million - Settlement Fees and Set Asides Breakdown

Settlement Amount	\$	554.0 M
Less 8% Lawyer Fees	\$	44.3 M
Less 12% Perm Fund Transfer	\$	66.5 M
Less 2% Land Acquisition	\$	11.1 M
Less 4% Veterans Trust	\$	<u>22.1 M</u>
Total Remaining	\$	409.9 M*

* This is the amount that will be deposited into Navajo Nation account.



What/Where/How/When

- The options for the Settlement Funds
 - Create A New Fund
 - Add to General Funds
 - Add to Permanent Fund
 - Add to Master Trust
- How to accomplish the options
 - Legislation would be needed for the use of the funds.
- When to implement the options
 - Once the settlement funds are received and decision on what to do with the funds the implementation will start
- Where should the funds be used.



Projects What kind of projects- Retail/CIP

How to add to Master trust

- Create Legislation for allocation to each fund
- Once added funds can be invested and start earning interest.
- If no Legislation, then net amount will go into General Fund revenue, then to UUFB



Purpose of New Fund

1. Debt service for bond issue: retail projects, infrastructure projects, large scale industrial development.
2. Create a yield portfolio to generate cash



Investment Strategy

PROS

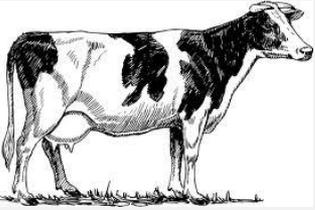
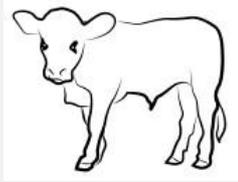
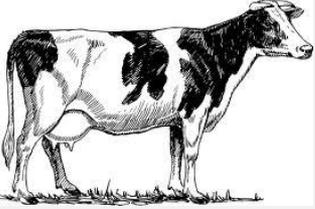
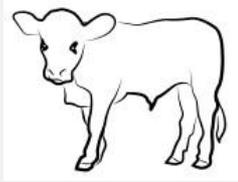
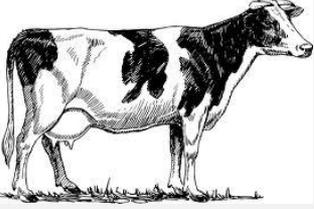
1. Predictable cash flows
2. Saves the Principal amount.
3. Only the interest amount can be spent.

CONS

1. Cannot spend Principal.
2. Subject market conditions.



Cash Flow Example

	<u>Principle</u>		<u>Interest</u>		<u>Cash Flow</u>
YR 1		→		→	\$\$
YR 2		→		→	\$\$
YR 3		→			\$\$
YR 4	0 [?]		No more Calves		
YR 5	0 [?]		No more Money		

Presentation is available for download at

www.nnooc.org



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Thank you



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Questions?

